

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Friday, December 10, 2010 at the hour of 12:00 P.M., at John H. Stroger, Jr. Hospital of Cook County, 1901 W. Harrison Street, in the fifth floor conference room, Chicago, Illinois.

I. Attendance/Call to Order

Chairman Muñoz called the meeting to order at 12:05 P.M., then recessed the meeting to the call of the Chair, in order for the Finance Committee to conclude their meeting.

At approximately 12:35 P.M., Chairman Muñoz reconvened the meeting; the Committee began their consideration of the items presented.

Present: Chairman Luis Muñoz, MD, MPH and Directors Benn Greenspan, PhD, MPH, FACHE and Heather O'Donnell, JD, LL.M (3)

Board Chairman Warren L. Batts (Ex-Officio) and Gerald Bauman (Non-Director Member)

Absent: None (0)

Additional attendees and/or presenters were:

Michael Ayres
Cathy Bodnar
Daniel Brennan, Jr.

William T. Foley
Tim Heinrich
Elizabeth Reidy

Deborah Santana
Thomas Schroeder

II. Public Speakers

Chairman asked the Secretary to call upon the registered speakers.

The Secretary called upon the following registered speaker:

1. George Blakemore Concerned Citizen

III. Action Items

A. Minutes of the Audit and Compliance Committee Meeting of October 19, 2010

Director Greenspan, seconded by Director O'Donnell, moved to accept the minutes of the Audit and Compliance Committee Meeting of October 19, 2010. THE MOTION CARRIED UNANIMOUSLY.

B. Proposed 2011 Audit and Compliance Committee Meeting Dates (Attachment #1)

Director O'Donnell, seconded by Director Greenspan, moved to approve the proposed 2011 Audit and Compliance Committee Meeting dates. THE MOTION CARRIED UNANIMOUSLY.

C. Any items listed under Sections III, VI and VII

IV. Report from System Corporate Compliance Officer (Attachment #2)

A. Activity Report

Cathy Bodnar, System Corporate Compliance Officer, presented updates on the following subjects: Activity Report; Compliance Issues; and Corporate Compliance Activities. Additionally, she presented information relating to draft policies and procedures. The Committee reviewed and discussed the information.

With regard to corporate compliance activities, Ms. Bodnar informed the Committee that a cooperative collaboration agreement, between the CCHHS Office of Corporate Compliance and the County's Office of the Independent Inspector General (OIIG), is in the process of being drafted. Ms. Bodnar also provided an example of an investigation of a situation in which a patient's Limits of Liability application was found on Wood Street by an employee. She noted that record retention questions are beginning to increase; they are in the process of developing a record retention policy that is specific to the System.

With regard to the proposed cooperative collaboration agreement with the OIIG, Director Greenspan inquired whether a related parties agreement would need to be executed, to ensure that the System is protecting patient health information. Ms. Bodnar responded that, although she had not envisioned OIIG's assistance with those types of investigations, she would review the subject further.

With regard to the subject of employee access to the finalized policies and procedures, Ms. Bodnar stated that a communications plan, which includes the utilization of electronic mechanisms, will be engaged.

V. Report from System Director of Internal Audit (Attachment #3)

A. Activity Report

Tom Schroeder, System Director of Internal Audit, presented the Internal Audit Activity Update. Additionally, he presented a review of 2010 Internal Audit activities. The Committee reviewed and discussed the information.

The subject of auditing contracts, with regard to goals met with regard to Minority and Women-Owned Business Enterprise (MBE/WBE) Ordinances throughout the contract life, was discussed. Elizabeth Reidy, System General Counsel, noted that a report was given to the Cook County Board, which reviewed the MBE/WBE participation on contracts. With regard to goals met during the contract life, Ms. Reidy stated that recently, the County's Office of the Independent Inspector General did an investigation on the subject; she stated that she can try to obtain a copy of the report for the Committee's review.

Chairman Muñoz stated that he would like to see a System review of MBE/WBE participation. Director Greenspan agreed; he recommended that a sampling of contracts be reviewed.

VI. Recommendations, Discussion/Information Items

A. Report from RSM McGladrey

Tim Heinrich, of RSM McGladrey, presented an update on the status of the internal audits. He stated that there are two outstanding audits – payroll and procurement. With regard to the payroll audit, they are in the final stages of finalizing the draft report; this is expected to be released and sent to the process owners for their input next week. With regard to the procurement audit, they are in the process of doing the testing phase within the next two weeks; the audit is expected to be completed by the end of the month.

B. Update on Hektoen contract

William T. Foley, Chief Executive Officer of the Cook County Health and Hospitals System, presented an update on the Hektoen contract. He stated that this contract was recommended for approval by the Finance Committee at their meeting earlier today; he noted that the System has been awaiting approval of the contract in order to begin the audit. Once the contract receives Board approval, which is likely to happen on December 17, 2010, the audit activities will proceed.

VII. Closed Session Discussion/Information Item

A. Discussion of Personnel Matters

Note: this item was taken out of order.

Director Greenspan, seconded by Chairman Muñoz, moved to recess the regular session and convene into closed session, pursuant to the following exception to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding “the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity.” THE MOTION CARRIED UNANIMOUSLY.

Chairman Muñoz declared that the closed session was adjourned. The Committee reconvened into regular session.

At this point in the meeting, the Committee lost its quorum; Chairman Muñoz received information on Items VI(A) and VI(B) until the agenda was exhausted.

VIII. Adjourn

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,
Audit and Compliance Committee of the
Board of Directors of the
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Luis Muñoz, MD, MPH, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Deborah Santana, Secretary

Cook County Health and Hospitals System
Minutes of the Audit and Compliance Committee Meeting
December 10, 2010

ATTACHMENT #1

2011
CCHHS Audit and Compliance Committee Meeting Dates

Meeting Time: 9:30 A.M.

Tuesday, January 18, 2011

Tuesday, March 8, 2011

Tuesday, April 26, 2011

Tuesday, June 7, 2011

Friday, July 1, 2011

Tuesday, September 6, 2011

Tuesday, October 25, 2011

Tuesday, November 29, 2011

Approved at the December 10, 2010 Audit and Compliance Committee Meeting

Cook County Health and Hospitals System
Minutes of the Audit and Compliance Committee Meeting
December 10, 2010

ATTACHMENT #2



DECEMBER 10, 2010 REPORT
to the
AUDIT AND COMPLIANCE COMMITTEE
from the
CHIEF COMPLIANCE OFFICER

III A

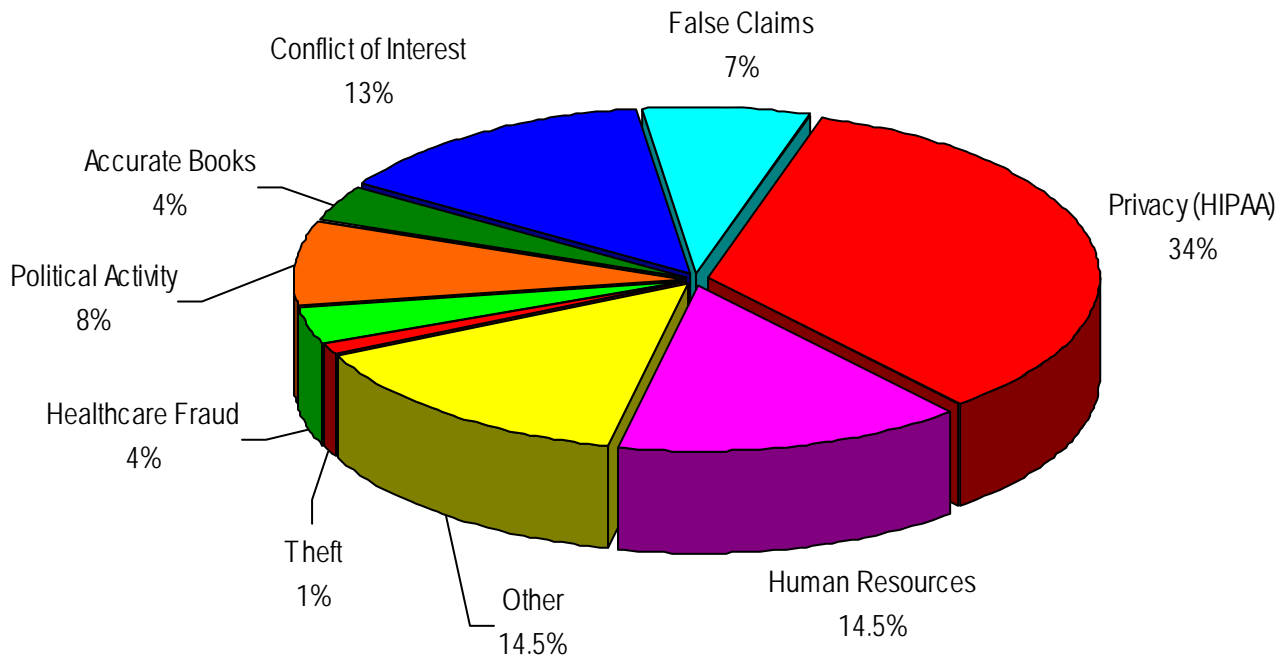
ACTIVITY REPORT

COMPLIANCE ISSUES (REACTIVE) BY CATEGORY

2010 Fiscal Year End Statistics

12/01/2009 – 11/30/2010

187 Issues

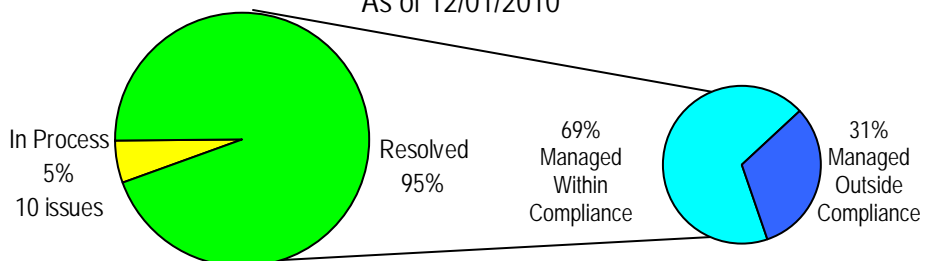


Issue Count by Category

Privacy (HIPAA)	64	Accurate Books	7
Human Resources	27	Healthcare Fraud	7
Conflict of Interest	25	Theft	2
Political Activity	15	Other	27
False Claims	13		

Active Issues

As of 12/01/2010



CORPORATE COMPLIANCE

ACTIVITIES

FISCAL YEAR 2010

Increased Corporate Compliance awareness throughout the system

- Communicated in multiple formats: posters, flyers, payroll inserts, compliance program business cards, pens with the compliance hot line number, and attendance/ presence at team meetings on numerous topics: general corporate compliance information, toll free hot line, HIPAA protected health information (PHI), HIPAA privacy and security, HIPAA sanctions, political activity prohibitions, and Shakman compliance.
- Developed an intranet compliance page.

Educated CCHHS

- Developed annual training in general compliance and HIPAA.
- Provided classroom style compliance training to new employees and members of the workforce, new house staff, and new volunteers.
- Provided specialty HIPAA education to operational areas, Human Resources, Revenue Cycle, Information Services, the Emergency Department, and Health Information Management.

Developed a mechanism for reporting potential violations

- Migrated individual hot line numbers into one toll-free system level compliance hot line number available 24/7/365 (live answered not IVR).
- Acquired a system e-mail address compliance@ccbhs.org
- Obtained a secondary toll free hot line to respond to privacy concerns.
- Acquired a secondary e-mail address for privacy concerns privacy@ccbhs.org

Restructured Corporate Compliance into a system level function.

- Hired a system compliance coordinator and an associate compliance officer.
- Recruiting for a system privacy officer.
- Budgeted for additional staff within fiscal year 2011.

Acquired tracking software to manage proactive and reactive compliance program activities.

- Independently engaged external counsel to provide guidance on compliance issues.

Engaged an external vendor to perform excluded provider sanction screening checks on vendors and employees, migrating the function from Cook County's Management Information System.

Initiated development of system level HIPAA policies and procedures

- Engaged external resource to assist with the development.
- Collaborated across business units with operational areas to identify existing policies and combine the leading practices into system level policies and procedures.

CORPORATE COMPLIANCE POLICIES & PROCEDURES

(Documents will be distributed at the meeting)

Cook County Health and Hospitals System
Minutes of the Audit and Compliance Committee Meeting
December 10, 2010

ATTACHMENT #3

Cook County Health & Hospitals System

CCHHS Internal Audit Activity Update *

Audit/Project	Complete	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Mail Order Pharmacy	x							
Impark	x							
Risk Assessment						Interviews	Assessment	Reporting
Cash Management	x							
Radiology Contract	x							
Fixed Assets					Planning	Field work	Reporting	
Compliance Project	x							
Special Earnings							Assessment	Reporting
PwC Benefit Validation							Assessment	Reporting

Mail Order Pharmacy – review of operational controls for SAV-Rx, CCHHS's prescription mail order vendor

Impark – review of operational controls for Impark, Stroger and CORE parking facility manager

Risk Assessment – assess System-side risks; development of 2011 internal audit plan

Cash Management – review of safeguarding of cash

Radiology Contract – review of service volumes and invoicing by CCHHS's radiology vendor

Fixed Assets – review of safeguarding of fixed assets

Compliance Project – Dept. of Psychology review

Special Earnings – review of special earnings expense category for physicians and clinical staff

PwC Benefit Validation – validation of PwC benefits derived from revenue cycle initiatives

*** Projects managed by CCHHS Internal Audit. McGladrey will provide a separate update on the projects they are managing.**



Internal Audit 2010 Review

The primary goal for Internal Audit for the year was achievement of the Board level goal of developing and implementing an internal audit function. To support this, a 10-step plan to develop the internal audit function was developed.

Following are the 10 steps and achievements under each step.

1. Establish Stakeholder Expectations

- Met with each member of Senior Leadership to obtain input
- Met with each member of the Audit and Compliance Committee of the Board to obtain input
- Documented the above discussions

2. Develop Internal Audit Mission and Vision Statement

- Created mission and vision statements for internal audit; each were adopted by the Audit and Compliance Committee of the Board
- Created an Audit and Compliance Committee Charter with the assistance of the Chief Compliance Officer.
- Created an Internal Audit Charter
- Both charters mentioned above were approved by the Audit and Compliance Committee of the Board

3. Develop an Internal Audit Strategic Plan

- Created an internal audit strategic plan and it was approved by the Audit and Compliance Committee of the Board
- Reviewed the internal audit strategic plan with Senior Leadership and leadership from each of the business units.

4. Assess Risk and Develop an Internal Audit Plan

- Risk assessment and audit plan were developed by McGladrey

5. Establish Internal Audit Budgets

- An internal audit resource plan was developed and reviewed with the CEO and CFO

6. Assess Internal Audit Skill Set Requirements

- Determined a need for an auditor with a financial skill set and an auditor with an information technology skill set
- Hired an auditor with financial skills in 2Q2010
- Will begin search for IT auditor in 4Q2010

7. Develop Internal Audit Infrastructure

- Acquired enabling technology – developed proficiency with Auditor Assistant which is an electronic work paper solution; subscribed to KnowledgeLeader which is an online internal audit informational resource
- Developed and documented a methodology for performing internal audit work
- Developed and documented internal audit policies and procedures to guide the internal audit department. The policies and procedures were reviewed and accepted by the Audit and Compliance Committee of the Board
- The internal audit staff joined professional associations relating to internal audit (Institute of Internal Auditors, IS Audit and Control Association)

8. Execute Internal Audit Work

- Enabled and assisted McGladrey in completion of four audits (two additional audits are in progress)
- Completed audits from McGladrey's risk assessment and CCHHS management requests (petty cash, cashiering operations, SAV Rx mail order pharmacy, Impark, Psychology Department review). One additional audit from the McGladrey risk assessment is in process (fixed assets)
- Two projects are in process (special earnings review, validating PwC revenue cycle benefit)

9. Establish Communication Protocols

- Developed communication formats for internal audit results tailored to the specific audience (e.g. internal management versus Audit and Compliance Committee of the Board)
- Established, with the Chief Compliance Officer, a Compliance and Audit Steering Committee, composed of leaders from each of the business units

10. Measure Results

- Developed an audit client survey for distribution at the conclusion of each audit completed by CCHHS internal audit staff.

2011 Internal Audit Goals

System

1. Complete a refreshed risk assessment and develop and execute an internal audit plan
2. Continue to increase Governance (e.g. Audit and Compliance Committee of the Board) confidence in CCHHS's control environment

Department

1. Round out the staff by hiring an IT internal auditor
2. Continue to develop staff in areas of internal audit theory, methodology, and concepts
3. Continue to develop staff efficiency and effectiveness in performing internal audits
4. Continue to develop internal audit as a collaborative business partner within CCHHS
5. Move to a primarily CCHHS staffed internal audit model

Self

1. Continue to broaden and deepen relationships with CCHHS leaders and managers
2. Continue to build on healthcare industry knowledge
3. Continue to broaden and deepen relationships with peers in health care internal audit